LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6504 **DATE PREPARED:** Feb 6, 2001
BILL NUMBER: SB 312 **BILL AMENDED:** Feb 1, 2001

SUBJECT: HIV Testing of Pregnant Women.

FISCAL ANALYST: Kathy Norris
PHONE NUMBER: 234-1360

FUNDS AFFECTED: X **GENERAL** **IMPACT:** State & Local
X **DEDICATED**
X **FEDERAL**

Summary of Legislation: (Amended) This bill requires that a pregnant woman be tested for the antibody or antigen to the human immunodeficiency virus (HIV) during pregnancy. The bill requires that a blood sample for an HIV test be taken from a woman at the time of delivery if there is no written evidence that the woman was tested for HIV during her pregnancy. The bill provides that the pregnant woman may refuse to consent to the test. It requires that a pregnant woman's refusal to consent to the test be documented in the pregnant woman's medical records.

The bill also requires that a blood sample be taken from a newborn infant for HIV testing if the newborn infant's mother has not been tested for HIV. It also requires that information pertaining to the woman's HIV testing status be included on a birth certificate or stillbirth certificate.

The bill requires the state employee health plan, Medicaid, and insurers to cover the testing and to pay a hospital the hospital's actual cost of performing the test. It also requires the results of the tests to be confidential.

The bill further requires that a pregnant woman be told of all available treatment options if the pregnant woman has a positive HIV test. It requires the individual who orders an HIV test to tell the pregnant woman that the purpose of the test is to protect the health of her unborn child. The bill repeals a portion of a current law pertaining to voluntary HIV testing for pregnant women. The bill also requires the State Department of Health to develop and distribute written materials explaining treatment options for individuals who have a positive HIV test.

Effective Date: July 1, 2001.

Explanation of State Expenditures: (Revised) *Impact on Medicaid Program and State Employee Health Insurance:* The fiscal impact to the state is estimated to be the following: (1) The annual impact for those women and children in the Medicaid Primary Care Case Management (PCCM) program is estimated to be

$147,400. (2) In addition, while there is no short term impact to the state for individuals in the Medicaid Risk-based Managed Care (RBMC) program, increased costs of about $38,500 would likely be factored into higher capitation rates in the future. (3) There would also be additional annual costs to the health plans providing benefits to state employees estimated to be about $14,000 (The state would be responsible for 93.5% of any additional costs experienced by the traditional insurance plans or passed on to the state by the managed care plans).

Background: This bill requires each pregnant woman, with the approval of the woman, to be tested for HIV. The bill also requires the newborn to be tested if the mother has refused to be tested. It is estimated that in FY 2000, Medicaid paid for about 45,200 deliveries. It is also assumed that 20% of these women and newborns are enrolled in the Medicaid RBMC program for which the testing costs would be covered under a capitated rate. 80% of the individuals, however, receive Medicaid services under the PCCM system, which is a modified fee-for-service system. Therefore, Medicaid will be responsible for an estimated 37,000 HIV tests under the PCCM system. The state share of Medicaid is projected to be about 38%.

In FY 2000 Medicaid paid for a total of 6,243 HIV tests for women who received pregnancy related services. There is no relationship between the HIV testing done and the births claims that were processed during the same fiscal year. However, this information does indicate that screening in Indiana may not be done at the rates reported for the country as a whole. One national source estimates that 75% of pregnant women who are receiving prenatal care are offered HIV tests and about 80% of that group accept the test. The HIV testing statistics supplied by the Indiana Medicaid Program indicate that the testing percentage is much lower; possibly less than 15%.

It is assumed that the cost of the initial HIV test is $12.50, with the state share being $4.75. If all of the PCCM- covered 37,000 women or newborns are tested, and we assume that 6,200 of this group is already being tested, the annual incremental state share of the HIV test would be $146,300. If an individual tests positive on the initial test, the test will have to be administered a second time. It is estimated that 43 babies were born exposed to HIV in 1996 in Indiana. Using the percentage of Medicaid babies to total babies born, it is estimated that at least 24 Medicaid-eligible pregnant women or newborns would need to be tested a second time. The cost of the second test to the State would be about $115.00 (24 x $4.75). If the test is positive a second time, the Western Blot test is used to determine HIV-positive status. The cost of the Western Blot test is estimated to be $123.07 with the state share being approximately $46.75. The cost to the state to test the 24 estimated HIV-positive pregnant women or newborns is estimated to be $1,122.00 ($46.75 x 24). The total estimated state share of testing Medicaid-eligible pregnant women or the newborn babies under the PCCM plan would be approximately $147,400.

About 20% of the Medicaid eligible women and newborns are enrolled in the risk-based managed care program for which the testing costs would be covered under a capitated rate. While there is no short term impact to the state for the individuals in the RBMC program, increased costs of about $38,500 would likely be factored into higher capitation rates in the future. This analysis assumes that no HIV testing is currently being done on this population; (the existing cost is assumed to be included in the PCCM group). In practice some portion of the existing test expense may already be included in the existing capitated rates.

The bill requires that payment to hospitals for the testing required for infants or mothers with no documented HIV test result be made in the amount of the actual cost of the test. The impact of this provision should already be included in the cost estimates for Medicaid since the assumption is made that the cost of the testing will affect the paid claims as it is done, not necessarily when contracts or capitated care rates are negotiated.

Potential Savings: Recent medical research has determined that administering the drug zidovudine (ZDV, formerly known as AZT) during pregnancy and childbirth could reduce by two-thirds the chance that an HIV positive mother would give birth to an infected child. If the HIV-positive Medicaid-eligible women are treated during pregnancy, there could be a reduction in the number of Medicaid-eligible babies with HIV offsetting some of the expenditures for testing. The Health Care Financing Administration (HCFA) reported in 1998 that 90% of children and more than 70% of women with AIDS are covered by Medicaid. The average total lifetime charges for the care of children with HIV infection was estimated at $491,963 in the *Pediatric Infectious Disease Journal*, June 1997. This estimate was based on a child's median survival time of 120 months and the cost of both hospital-based and outpatient charges.

Impact on State Employee Health Plans: The initial costs to the state employee health plans from the testing required by this bill is estimated to be about $14,000 per year. These estimates are based on about 900 covered births on the state plan in CY 2000. By agreement with the state employees, the state pays 93.5% of any increase in the premiums for employee group health plans during the life of the agreement. This analysis assumes that no HIV testing is currently being done on this population.

Impact on State Department of Health: The bill requires the State Department of Health to develop written materials that explain the treatment options available to an individual who has tested positive for HIV. The written materials are required to be distributed to physicians statewide. The cost of developing and distributing these materials can be absorbed within the existing budget. The bill also requires the Department to include certain information regarding HIV testing of the mother of the child on the birth certificate. *(This information is kept within the Department of Health. It is not printed on the public copy of the birth certificate.)* The Department estimates that an additional $10,000 will be needed to change the electronic birth certificate, reprint birth certificates, and provide training to local health departments.

Explanation of State Revenues:

Explanation of Local Expenditures: Similar to the state, increased premiums and enrollment fees may result in additional costs to local governments and school corporations purchasing health benefits from insurance companies and HMOs for their employee health benefit plans. However, this may not necessarily imply additional budgetary outlays since employer responses to increased health benefit costs may include: (1) greater employee cost sharing in health benefits; (2) reduction or elimination of health benefits; (3) reduction in the size of the workforce eligible for health benefits; and (4) passing costs onto workers in the form of lower wage increases than would have been granted before.

Explanation of Local Revenues:

State Agencies Affected: All; Family and Social Services Administration; State Department of Health.

Local Agencies Affected: Local Governments and School Corporations, Local Health Departments.

Information Sources: Carroll Causeway, Indiana State Medical Association; State Department of Health; Institute of Medicine's report on Prenatal Testing for HIV; National Conference of State Legislatures, *HIV/AIDS Facts to Consider: 1999.*